



CITY OF MURFREESBORO

COMMUNITY DEVELOPMENT DEPARTMENT

PUBLIC SERVICE GRANT PROGRAM GUIDE

BACKGROUND

As a Community Development Block Grant entitlement city since 1984, Murfreesboro annually receives a formula grant through the U.S. Department of Housing and Urban Development. The regulations for CDBG usage are found at 24 CFR 570. The regulations allow local communities wide latitude in serving the needs of low- and moderate-income residents.

Entitlement communities are required to prepare a Consolidated Plan every five years and an Action Plan annually. Each entitlement community also must submit an end-of-the year report (the CAPER). Murfreesboro's current Action Plan and CAPER are available for review on the City's Web site (www.murfreesborotn.gov).

All CDBG-funded activities must meet one of three national objectives:

1. Activities that benefit low and moderate-income persons;
2. Activities which aid in the prevention or elimination of slums or blight;
3. Activities designed to meet community development needs having a particular urgency.

All of Murfreesboro's activities meet Objective # 1. Objective # 2 requires designating target areas and enacting definitions of "slum" and "blight." Because most of the activities which would be undertaken under Objective # 2 are also eligible under Objective # 1, the City chooses not to limit the service area for CDBG purposes.

Objective # 3 is sometimes known as the "tornado clause." Most prospective subrecipient grantees tell us the need for their project is urgent and we don't disagree. However, for HUD's purposes, Objective #3 is reserved almost exclusively for responses to natural disasters such as hurricanes, tornadoes and massive flooding.

Many of the eligible uses for CDBG funds are related to housing and neighborhoods, including down payment assistance for first-time homebuyers, housing rehabilitation assistance services for homeowners and infrastructure improvements in neighborhoods in which the majority of households meet income eligibility standards.

There are two specific areas in which the regulations limit expenditures: administration and public services. No more than 20 percent of the total grant may be spent on administration; no more than 15 percent may be spent on public service projects. The City is also allowed to obligate up to 15 percent of program income from the previous year, if any, to fund public service grants.

PUBLIC SERVICE GRANT ELIGIBILITY

The City of Murfreesboro contracts with eligible subrecipients to carry out agreed-upon, specific, eligible activities. The City contracts with two types of subrecipients, government agencies and private nonprofit agencies, and selects these subrecipients through a competitive grant process.

Government agencies are public agencies, commissions or authorities. They are subject to subrecipient requirements outlines in 24 CFR 570.501(a) of the CDBG regulations.

Private nonprofit agencies are typically corporations, associations or agencies that are community-based or faith-based organizations with nonprofit status under IRS Section 501(c)(3). They have a board of directors and an executive director responsible for daily administration of policies set by the board. Examples include: private social service agencies, community development corporations and faith-based social service providers.

All subrecipients must have both a DUNS number and a CCR CAGE Code before funds can be disbursed. Both numbers can be obtained online.

Section 163 of the Continuing Appropriations Resolution, 2010, Division B of Pub. L. No. 111-68 (CR) prohibits using federal funds for the benefit of ACORN or any of its affiliates, subsidiaries or allied organizations. Applicants are required to certify they are compliant with the continuing resolution.

PUBLIC SERVICE ACTIVITIES

CDBG regulations allow the use of grant funds for a wide range of public service activities (24 CFR 570.201), including, but not limited to:

- | | | |
|-------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------|
| <input type="checkbox"/> Child care/counseling | <input type="checkbox"/> Public safety services | <input type="checkbox"/> Homebuyer counseling |
| <input type="checkbox"/> Health care | <input type="checkbox"/> Fair Housing activities | <input type="checkbox"/> Energy conservation |
| <input type="checkbox"/> Job training | <input type="checkbox"/> Youth services | <input type="checkbox"/> Services for senior citizens |
| <input type="checkbox"/> Recreation programs | <input type="checkbox"/> Homeless services | <input type="checkbox"/> Education programs |
| <input type="checkbox"/> Substance abuse counseling and treatment | | |

To use CDBG funds for a public service, the service must be either a new service or a quantifiable increase in the level of an existing service provided by the subrecipient if that service was paid for using City or State funds in the preceding fiscal year.

The regulations do not prohibit a grantee from continuing to provide funding to a CDBG-funded public service at the same or decreased level in subsequent program years. (For the purposes of CDBG, the City is the grantee and agencies receiving CDBG Public Service Grants are subrecipients.)

AVAILABLE FUNDING

The City's current CDBG funding is \$589,344 with \$100,577 allocated for 13 public service projects. The FY12-13 Community Development Block Grant is expected to be approximately \$673,050 with approximately \$104,000 available for public service grants.

The grant process is competitive. During the FY08 grant cycle, the Community Development Department received 20 applications from 19 agencies. Nine projects were funded. In the current funding cycle, 13 of 14 applications were funded in whole or part. Fully funding all applications would have cost in excess of \$350,000, far in excess of available funding.

There is no minimum grant amount; the 15 percent cap would dictate the maximum grant amount. When considering grant requests, the City is looking for the most bang for its buck. Current grants range from \$3,333 to \$16,244 with the majority being \$7,500.

GRANT REQUIREMENTS - Documentation

CDBG-funded public service projects are typically categorized under the LMI (low/moderate income) Benefit National Objective as either Area Benefit or Limited Clientele activities. The distinguishing factor is whether the service will be offered to **all** residents of a particular LMI income area **or** to a particular group of LMI residents in the entire community.

Under the area benefit criteria, the public service must be offered to all residents of an area where at least 51 percent of the residents are classified as LMI. The area must be clearly delineated by the subrecipient and must be primarily residential.

To document qualification of public service activities under this objective, the subrecipient must:

1. Maintain records of the boundaries of the service area;
2. Document that the area is primarily residential (e.g., zoning map); and
3. Document the income characteristics of households in the service area (i.e. Census data).

Limited Clientele activities benefit a specific targeted group of persons, at least 51 percent of whom must be LMI. In order to meet the LMI Limited Criteria, the activity must:

1. Serve at least 51 percent LMI, as evidenced by documentation and data concerning beneficiary family size and income;
2. Have income-eligibility requirements which limit the service to persons meeting the LMI income requirement, as evidenced by the administering agency's procedures, intake/application forms, income limits and/or other sources of documentation;
3. Serve as a group primarily presumed to be LMI such as abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers (HUD does not presume the majority of young people with disabilities come from income qualifying homes, so a project working with disabled children would have to document household income.); or
4. Be of such a nature and in a location that it may be concluded that the activity's clientele are LMI.

This is not as complicated as it reads and the Community Development Department is available to answer questions or provide technical assistance.

GRANT REQUIREMENTS – Local Policy

While it would not be an absolute requirement, we would hope a large percentage of the beneficiaries of your activity are residents of Murfreesboro.

Murfreesboro's Public Service Grants require a dollar-for-dollar match at a minimum. This match may be cash, in-kind or volunteer hours. You will need to provide details of your match with your grant application. Agencies receiving Community Development Public Service Grants must have 501(c)3 tax-exempt status and have a copy of its most recent IRS documentation letter on file with the Community Development Department.

Agencies will need to submit a copy of their most recent audit. If an agency does not meet the threshold of OMB Circular A-133 (the agency receives in excess of \$500,000 in federal expenditures), the agency must submit a certified statement to that effect.